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MILK MARKET INFORMATION BULLETIN  
CHATTANOOGA, TENNESSEE MARKETING AREA  
U.S. DEPT. OF AGRICULTURE  
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October 1965

Number 3

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Released Pursuant to \$1090.27(j) and \$1090.85, USDA-C&MS  
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411  
J. B. McCroskey, Market Administrator

MARKET SUMMARY OCTOBER 1965

The Order MINIMUM producer uniform price is \$4.63 per cwt. f.o.b. Chattanooga Area pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 7.8 cents for each one-tenth of one percent above or below 3.5 percent. The Chattanooga Area Milk Producers Association has announced a premium of 42 cents or a producer blend price of \$5.05 per cwt. for milk testing 3.5 percent butterfat.

During October, 85.6% of the total producer milk was priced in Class I at \$4.88 per cwt. with a butterfat differential of 8.1 cents and 14.4% in Class II at \$3.33 per cwt. with a butterfat differential of 7.2 cents. The daily average use of Gross Class I milk decreased 1.9% compared with September 1965 and increased 3.5% compared with October 1964.

Daily average delivery of milk from producers was 646,998 pounds in October 1965, a decrease of 8,533 pounds per day compared with September 1965 and an increase of 67,887 pounds compared with October 1964. Percentage-wise, October deliveries decreased 1.3% compared with September 1965 and increased 11.7% compared with Oct. 1964. The daily average farm delivery was 980 pounds compared with 849 pounds per farm for October 1964. This shows an increase of 131 pounds (15 gallons) per farm per day.

MILK SAMPLES TESTED - Producer Fresh Samples 5,640 - Handler Finished Products 214.

MARKET ADMINISTRATOR'S AUDITING PROGRAM

One of the activities of the market administrator's office, in which producers may be interested, is the audit program. The principal purpose of the audit is to assure that all handlers pay for milk received from producers at the proper prices according to how the milk is used. It is important that the order be applied impartially and uniformly to all handlers. The audit program serves the purpose of assuring that all handlers account accurately and fully for milk receipts and dispositions and make payment to producers or cooperatives at the proper time and for actual products received in accordance with the order provisions.

Our audits and investigations include mathematical checks (on a sample basis) of pounds of milk and butterfat received from producers. An examination is made of original records prepared by the driver who picks up the milk at the farm. In some instances, receiving operations are observed and compared with information recorded in the handlers records. Verification of milk and milk products used to produce manufactured products is accomplished by a survey of plant operations, by examinations of original production records, by physical verification, and by accounting for disposition of the products manufactured.

Verification of Class I use by handlers involves examination of daily load out records of individual routes, stores, distributors, etc. These are traced into daily, weekly or monthly summaries. Actual plant inventories are also checked periodically. Such information is correlated with financial records and the quantities of milk reported as handled to insure full accounting for all milk. Plant records are audited on a check test basis, but any indication of errors leads to more thorough examinations.

## COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	% Oct. '65 Over Oct. '64	Oct. 1965	Sept. 1965	Oct. 1964
Number of Plants (Pool and Non-Pool)		11	11	13
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	+ 11.7	646,998	655,531	579,111
Other Source	- 25.2	16,583	24,139	22,176
Other Federal Orders	- 3.0	10,324	13,788	10,638
Total Milk Receipts	+ 10.1	673,905	693,458	611,925
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>				
Class I Uses:				
Fluid Milk	- 5.3	407,221	410,114	429,870
Fluid Skim	- 5.5	23,011	22,658	24,346
Buttermilk	- 6.1	42,396	41,444	45,172
Flavored Milk and Drink	+ 3.0	13,956	14,669	13,555
Fluid Cream (Sweet and Sour)	- 1.7	2,725	2,659	2,772
Other (Shrinkage, Inventory, etc.)		222	2,288	(1,518)
Transfers to Non-Pool Plants		72,082	78,378	28,257
Total Class I Milk	+ 3.5	561,613	572,210	542,454
Class II Uses:				
Ice Cream Mixes		35,376	45,089	33,966
Cottage Cheese		17,200	19,140	19,945
Powdered and Condensed Milk		32,376	21,225	5,263
Livestock Feed and Skim Dumped		5,392	6,183	5,022
Shrinkage Class II		7,027	10,969	7,865
Other (Butter, Inventory, etc.)		6,320	9,118	(10,818)
Transfers to Non-Pool Plants		8,601	9,524	8,228
Total Class II Milk	+ 61.6	112,292	121,248	69,471
Class I Pounds in Marketing Area	- 0.8	304,706	303,208	307,249
Class I Pounds Outside Marketing Area	+ 9.2	256,907	269,002	235,205
Gross Class I Butterfat Pounds	+ 4.6	20,533	20,817	19,626
Gross Class II Butterfat Pounds	+ 25.5	6,701	5,566	5,339
Total Butterfat Pounds	+ 9.1	27,234	26,383	24,965
% Producer Milk of Gross Class I		115.2	114.6	106.8
% Producer Milk priced in Class I		85.6	85.4	92.8

NOVEMBER 1965 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	Nov. '65	Oct. '65	Nov. '64
Basic Formula	\$3.34	\$3.29	\$3.27
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	0.00	(0.16)	0.08
Class I Price, 3.5% Butterfat	\$5.09	\$4.88	\$5.10
Per \$1090.51(a)			
Supply-Demand Comparison: 1st and 2nd preceding months: September and October			
Supply: Lbs. Producer Milk (Sept. 19,665,942 and Oct. 20,056,924)			39,722,866
Demand: Lbs. Net Class I Milk (Sept. 17,101,719 and Oct. 17,312,027)			34,413,746
Utilization Percentage: Producer milk divided by Class I			115
Standard Utilization Percentage: Range 114-118			115
Net Deviation Percentage: Utilization minus Standard Utilization			-0-
Supply-Demand Adjustment: 2 cents x 0 percentage points			\$0.00

The price is not adjusted by the supply-demand formula, since the supply in relation to the demand is within the standard utilization range of 114-118.



## COMPUTATION OF PRODUCER UNIFORM PRICE

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OCTOBER 1965	Class %	Milk Pounds	Butterfat Test - %	Cwt. Price @ Test	Gross Value
Gross Class I		17,410,007	3.656		
Less Other Source		237,570	2.968		
Producer Milk Class I	85.6	17,172,437	3.665677	\$5.014198	\$ 861,059.99
Gross Class II		3,481,060	5.967		
Less Other Source		596,573	1.286		
Producer Milk Class II	14.4	2,884,487	6.935514	5.803570	167,403.22
TOTAL PRODUCER MILK (Cl. I + Cl. II)	100.0	20,056,924	4.135928		\$1,028,463.21
Add Fractional Adjustment					.02
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		61,985			2,139.15
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					7,925.22
TOTAL VALUE AT TEST		20,118,909	4.128534	\$5.161948	\$1,038,527.60
Less Test over 3.5% @ 7.8¢ per point		20,118,909	.628534	.490257	98,634.36
TOTAL UTILIZATION VALUE AT 3.5%		20,118,909	3.5	\$4.671691	\$ 939,893.24
Less Producer-Settlement Fund Reserve		20,118,909		.041691	8,387.77
PRODUCER UNIFORM PRICE F.O.B. POOL PLANTS		20,118,909	3.5	\$4.63	\$ 931,505.47

OCTOBER 1965 MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANT (0-65 Mile Zone)  
BUTTERFAT DIFFERENTIAL 7.8¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$4.24	3.6	\$4.708	4.2	\$5.176	4.8	\$5.644	5.4	\$6.112
3.05	4.279	3.65	4.747	4.25	5.215	4.85	5.683	5.45	6.151
3.1	4.318	3.7	4.786	4.3	5.254	4.9	5.722	5.5	6.19
3.15	4.357	3.75	4.825	4.35	5.293	4.95	5.761	5.55	6.229
3.2	4.396	3.8	4.864	4.4	5.332	5.0	5.80	5.6	6.268
3.25	4.435	3.85	4.903	4.45	5.371	5.05	5.839	5.65	6.307
3.3	4.474	3.9	4.942	4.5	5.41	5.1	5.878	5.7	6.346
3.35	4.513	3.95	4.981	4.55	5.449	5.15	5.917	5.75	6.385
3.4	4.552	4.0	5.02	4.6	5.488	5.2	5.956	5.8	6.424
3.45	4.591	4.05	5.059	4.65	5.527	5.25	5.995	5.85	6.463
3.5	4.63	4.1	5.098	4.7	5.566	5.3	6.034	5.9	6.502
3.55	4.669	4.15	5.137	4.75	5.605	5.35	6.073	5.95	6.541

OCTOBER 1965 TOTAL CLASS I UNIT SALES BY 8 POOL AND 3 NON-POOL PLANTS <sup>1/</sup>

	GALS.	$\frac{1}{2}$ GALS.	QUARTS	PINTS	$\frac{1}{2}$ PINTS	PRODUCT LBS.	%-TOTAL
Homo & Std. Milk	648,400 <sup>3/</sup>	960,074	282,662	562,823	3,174,976	12,623,866	83.22
Special Skim	23,312	10,270				245,213	1.62
Regular Skim		77,154	62,669		To Qts. <sup>2/</sup>	468,127	3.09
Buttermilk	To $\frac{1}{2}$ Gal. <sup>2/</sup>	214,587	153,695	37,932	29,296	1,314,261	8.67
Flavored Drink			3,633	24,310	To Pts. <sup>2/</sup>	32,475	.21
Flavored Milk	To $\frac{1}{2}$ Gal. <sup>2/</sup>	5,185	47,183	182,467	186,461	400,149	2.64
Half & Half			4,790	36,502		49,250	.32
Coffee Cream (X)			2,111		To Qts. <sup>2/</sup>	4,467	.03
Whip Cream (XX)	To Qts. <sup>2/</sup>		1,291		19,434	12,867	.08
Sour Cream	538				25,152	17,885	.12
				Total Pounds		15,168,560	100.00

<sup>1/</sup> Includes all unit sales by pool plants and "In Area" sales by non-pool plants.<sup>2/</sup> Restricted: distributed by less than three handlers.<sup>3/</sup> Includes gallon and multi-gallon containers.

## CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES <sup>1/</sup>				HANDLER CLASS PRICES <sup>1/</sup>			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Oct.'64	\$4.71	-	-	7.8¢	\$4.87	8.0¢	\$3.23	7.0¢
Nov.	4.83	-	-	7.8	5.10	7.9	3.30	7.2
Dec.	4.75	-	-	7.8	5.10	8.1	3.18	6.8
Jan.'65	4.66	-	-	7.4	5.06	7.7	3.12	6.7
Feb.	4.59	-	-	7.2	5.00	7.5	2.80	6.7
Mar.	4.54 <sup>2/</sup>	\$4.67	\$2.73	7.2	4.97	7.5	2.77	6.7
Apr.	4.41 <sup>2/</sup>	4.63	2.69	7.2	4.97	7.5	2.73	6.8
May	4.35 <sup>2/</sup>	4.57	2.64	7.4	4.98	7.7	2.68	6.8
June	4.34 <sup>2/</sup>	4.54	2.62	7.4	5.01	7.7	2.66	6.8
July	4.40 <sup>2/</sup>	4.62	2.62	7.4	4.95	7.7	2.66	6.8
Aug.	4.39	-	-	7.4	4.96	7.7	2.65	7.0
Sept.	4.58	-	-	7.8	4.82	7.9	3.30	7.2
Oct.	4.63	-	-	7.8	4.88	8.1	3.33	7.2
Nov.	-	-	-	-	5.09	8.2	-	-

## PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA Minn.-Wisc. Mfg.Grade Milk \$-cwt-3.5%
	4 Tenn. Milk Mfg.	Butter Powder	4 Tenn. Milk Mfg. \$-cwt-4%	Chi.92° Butter ¢ Lb.	Chi.Area Powder ¢ Lb.	
Oct.'64	2.77	3.23	3.119	60.47	14.29	3.27
Nov.	2.79	3.30	3.150	62.27	14.23	3.29
Dec.	2.81	3.18	3.150	59.24	14.20	3.29
Jan.'65	2.81	3.12	3.144	58.00	14.23	3.25
Feb.	2.80	3.12	3.138	57.99	14.27	3.22
Mar.	2.77	3.12	3.106	57.99	14.25	3.22
Apr.	2.73	3.17	3.069	58.97	14.22	3.23
May	2.68	3.17	3.025	58.97	14.28	3.22
June	2.66	3.17	3.000	58.97	14.21	3.20
July	2.66	3.17	3.000	59.00	14.24	3.21
Aug.	2.65	3.25	3.000	61.03	14.31	3.25
Sept.	2.72	3.30	3.081	62.22	14.21	3.29
Oct.	2.75	3.33	3.106	62.89	14.31	3.34

## SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK <sup>3/</sup>			PRODUCER DATA <sup>3/</sup>			Deliveries Per			Prod. Milk Test
	No.	Total	Class I	Class I	Total	Base	No.	Farm----	Pounds	
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base Exc.	
Oct.'64	13	611,925	542,454	537,447	579,111	-	682	849	- -	4.24
Nov.	13	615,385	504,706	498,734	577,281	-	680	849	- -	4.24
Dec.	12	609,740	495,937	489,893	577,526	-	681	848	- -	4.29
Jan.'65	12	635,165	494,256	488,626	596,761	-	679	879	- -	4.21
Feb.	12	633,273	499,105	486,765	591,241	-	676	875	- -	4.22
Mar.	12	626,437	494,283	483,039	590,445	552,135	673	877	820 57	4.17
Apr.	12	697,927	497,275	486,698	642,007	569,531	667	963	854 109	4.02
May	12	692,923	474,496	464,947	634,015	559,591	668	949	838 111	3.92
June	12	666,977	448,404	435,985	604,907	541,251	665	910	814 96	3.91
July	11	645,957	471,881	459,483	595,861	531,137	663	899	801 98	3.89
Aug.	11	656,625	473,692	462,349	611,908	-	661	926	- -	3.87
Sept.	11	693,458	572,210	560,088	655,531	-	661	992	- -	3.93
Oct.	11	673,905	561,613	553,950	646,998	-	660	980	- -	4.14

<sup>1/</sup> Excludes Premiums<sup>2/</sup> Weighted Average Price<sup>3/</sup> Other Source is Gross minus Producer; Class II is Receipts minus Class I